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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

In re RIPPLE LABS INC. LITIGATION

Case No. 4:18-cv-06753-PJH

**ANSWER TO CONSOLIDATED FIRST
AMENDED COMPLAINT**

This Document Relates to:

ALL ACTIONS

1 Pursuant to Rule 8 of the Federal Rules of Civil Procedure, Defendants Ripple Labs Inc.,
2 XRP II, LLC, and Bradley Garlinghouse (collectively, “Defendants”) file this answer to the
3 *Consolidated First Amended Complaint* (ECF No. 87, the “Complaint” or “Compl.”) filed by
4 Plaintiff in the above-captioned action. Unless otherwise admitted, all allegations requiring a
5 response are denied.¹

6 1. The first sentence of paragraph 1 is a legal characterization of the Complaint and
7 contains no factual allegations that Defendants are required to admit or deny. To the extent
8 sentence 1 contains factual allegations or otherwise requires a response, Defendants deny
9 sentence 1. Defendants otherwise deny the allegations in paragraph 1.

10 2. Defendants deny the first and third sentences of paragraph 2. Defendants admit
11 that sentence 2 partially quotes a FinCEN Statement of Facts and Violations. Defendants refer
12 the Court to the full text of the quoted document for a complete and accurate depiction of its
13 contents and the context of the partial quotation found in paragraph 2. Defendants admit that
14 Ripple was previously known as NewCoin Inc. and OpenCoin Inc. Defendants otherwise deny
15 the allegations in paragraph 2.

16 3. Defendants deny that XRP Ledger is not decentralized. The XRP Ledger is a
17 decentralized ledger that uses a consensus algorithm to close blocks on the ledger and maintain
18 the ledger’s transactional history. Defendants deny that paragraph 3 accurately quotes the blog
19 post cited in footnote 3 and refer the Court to the full text of that blog post for a complete and
20 accurate depiction of its contents. Defendants otherwise deny the allegations the paragraph 3.

21 4. Defendants admit that sales of XRP have been made to the general public.
22 Defendants admit that Ripple holds XRP and that XRP has value. Defendants further admit that,
23 to date, revenue generated from its sales of XRP exceed revenue from other sources. Defendants

24
25 ¹ Defendants also deny all titles, headings, footnotes, subheadings, and any other material not
26 contained in numbered paragraphs. When a document (or statements, conclusions, or other
27 material references therefrom) is referenced in this Answer or the Complaint, it speaks for itself.
28 That is, the document itself is the best evidence of its contents, and Defendants deny any
allegations or characterizations based on the document. Defendants reserve all rights with regard
to the existence, authenticity, accuracy, and admissibility of such documents.

1 otherwise deny the allegations in paragraph 4.

2 5. Defendants deny the first and second sentences. As to the third sentence, XRP is
3 currently traded on more than 200 exchanges, the vast majority of which have no connection to
4 Ripple; in the past, Ripple's website identified some third-party exchanges where XRP could be
5 purchased. As to the fourth sentence, Ripple admits that in 2017, it placed 55 billion XRP in
6 escrow pursuant to terms that Ripple publicly announced, and Ripple denies the remainder of the
7 allegations including that Ripple pays substantial listing fees to exchanges as part of any
8 promotional efforts. Defendants also admit that the price of XRP on the date this Answer was
9 filed is lower than its price in early 2018. Defendants also admit that paragraph 5 partially
10 quotes a prior version of Ripple's website. Defendants refer the Court to the full text of the
11 archived webpage for a complete and accurate depiction of its contents and the context of the
12 partial quotation found in paragraph 5. Defendants otherwise deny the allegations in paragraph
13 5.

14 6. With regards to the first, second and third sentences in paragraph 6, Defendants
15 admit that there was public reporting on this topic but do not admit the veracity of such
16 reporting. Defendants otherwise deny the allegations in paragraph 6.

17 7. Paragraph 7 is a legal argument that requires no response. To the extent that
18 paragraph 7 contains factual allegations or otherwise requires a response, Defendants deny the
19 allegations.

20 8. Paragraph 8 is a legal argument that requires no response. To the extent that
21 paragraph 8 contains factual allegations or otherwise requires a response, Defendants deny the
22 allegations.

23 9. Defendants admit that paragraph 9 and footnote 4 partially quote SEC documents.
24 Defendants refer the Court to the full text of these documents for a complete and accurate
25 depiction of its contents and the context of the partial quotations found in paragraph 9 and
26 footnote 4. Defendants admit that paragraph 9 also partially quotes a New York Times article.
27 Defendants refer the Court to the full text of the article for a complete and accurate depiction of
28 its contents and the context of the partial quotation found in paragraph 9. Otherwise, paragraph 9

1 is a legal argument that requires no response. To the extent that paragraph 9 contains additional
2 factual allegations or otherwise requires a response, Defendants deny the allegations.

3 10. Paragraph 10 is a legal argument that requires no response. To the extent that
4 paragraph 10 contains factual allegations or otherwise requires a response, Defendants state that
5 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
6 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
7 replace any existing laws.

8 11. Defendants lack sufficient information to admit or deny whether Lead Plaintiff
9 and all other XRP purchasers provided money consideration in exchange for XRP. Defendants
10 admit that certain XRP purchasers provided fiat or other cryptocurrencies in exchange for XRP.
11 Defendants otherwise deny the allegations in paragraph 11.

12 12. Defendants admit that XRP is not registered with the SEC or the California
13 Commissioner of Corporations. The last sentence of paragraph 12 is a legal argument that
14 requires no response. To the extent that sentence contains factual allegations or otherwise
15 requires a response, Defendants deny the allegations. Defendants otherwise deny the allegations
16 in paragraph 12.

17 13. Defendants lack information sufficient to admit or deny, and therefore deny, the
18 allegations in paragraph 13.

19 14. Defendants admit the allegations in paragraph 14.

20 15. Defendants admit the allegations in paragraph 15.

21 16. Defendants admit the first sentence. Garlinghouse was Chief Operating Officer of
22 Ripple starting April 2015 and President of Ripple starting in December 2015. Garlinghouse is a
23 resident of San Mateo County, California. The last sentence of paragraph 16 is a legal argument
24 that requires no response. Defendants otherwise deny the allegations in paragraph 16.

25 17. Paragraph 17 is a legal characterization of the Complaint and contains no factual
26 allegations that Defendants are required to admit or deny. To the extent that paragraph 17
27 contains factual allegations or otherwise requires a response, Defendants deny the allegations in
28 paragraph 17.

1 18. Paragraph 18 is a legal argument that requires no response. To the extent that
2 paragraph 18 contains factual allegations or otherwise requires a response, Defendants deny the
3 allegations.

4 19. Paragraph 19 is a legal argument that requires no response. To the extent that
5 paragraph 19 contains factual allegations or otherwise requires a response, Defendants deny the
6 allegations.

7 20. Defendants admit they reside or have their principal place of business in
8 California. The remainder of Paragraph 20 is a legal argument that requires no response.

9 21. Paragraph 21 is a legal argument that requires no response. To the extent that
10 paragraph 21 contains factual allegations or otherwise requires a response, Defendants deny the
11 allegations.

12 22. Defendants deny the allegations in paragraph 22.

13 23. Defendants deny the allegations in paragraph 23.

14 24. Defendants admit that paragraph 24 partially quotes Ripple's wiki. Defendants
15 refer the Court to the full text of the wiki for a complete and accurate depiction of its contents
16 and the context of the partial quotation found in paragraph 24. Defendants otherwise deny the
17 allegations in paragraph 24.

18 25. Defendants admit that in May 2015, Ripple and XRP II entered into a settlement
19 with the DOJ and FinCEN which states that XRP is a "convertible virtual currency." As a result
20 of the settlement, Ripple and XRP II stipulated to pay \$700,000 for certain alleged violations of
21 the Bank Secrecy Act. Defendants admit that, pursuant to the settlement, Ripple and XRP II
22 agreed to undertake certain remedial measures. Defendants otherwise deny the allegations in
23 paragraph 25.

24 26. Defendants admit that paragraph 26 purports to represent information found in a
25 prior version of its website. Defendants refer the Court to the full text of the archived webpage
26 for a complete and accurate depiction of its contents and the context of the partial quotation
27 found in paragraph 26. Defendants otherwise deny the allegations in paragraph 26.

28 27. Defendants admit that paragraph 27 partially quotes from a document publicly

1 available from PACER. Defendants refer the Court to the full text of the document for a
2 complete and accurate depiction of its contents and the context of the partial quotation found in
3 paragraph 27. Defendants otherwise deny the allegations in paragraph 27.

4 28. Ripple admits that it sells enterprise software products and solutions, and that
5 sales of XRP have, to date, been its primary source of revenue. Defendants otherwise deny the
6 allegations in paragraph 28.

7 29. Defendants admit that paragraph 29 partially quotes from a webpage. Defendants
8 refer the Court to the full text of the webpage for a complete and accurate depiction of its
9 contents and the context of the partial quotation found in paragraph 29. Defendants otherwise
10 deny the allegations in paragraph 29.

11 30. Defendants deny that its sales of XRP to the public accelerated rapidly in 2017
12 and early 2018. Defendants admit that revenue from their sales of XRP since the beginning of
13 2017 exceed \$1 billion. Defendants otherwise deny the allegations in paragraph 30.

14 31. Defendants admit that paragraph 31 partially quotes from a webpage, but deny
15 that paragraph 31 accurately quotes from that webpage. Defendants refer the Court to the full
16 text of the webpage for a complete and accurate depiction of its contents and the context of the
17 partial quotation found in paragraph 31.

18 32. Defendants admit that paragraph 32 partially quotes from a webpage, but deny
19 that paragraph 32 accurately quotes from that webpage. Defendants refer the Court to the full
20 text of the webpage for a complete and accurate depiction of its contents and the context of the
21 partial quotation found in paragraph 32. Defendants otherwise deny the allegations in paragraph
22 32.

23 33. Defendants admit that paragraph 33 partially quotes from a webpage. Defendants
24 refer the Court to the full text of the webpage for a complete and accurate depiction of its
25 contents and the context of the partial quotation found in paragraph 33.

26 34. Defendants admit that the first quotation in paragraph 34 partially quotes from a
27 webpage but deny that paragraph 34 accurately quotes from that webpage. Defendants refer the
28 Court to the full text of the webpage for a complete and accurate depiction of its contents and the

1 context of the partial quotation found in paragraph 34.

2 35. Defendants deny the allegations relating to the amount of XRP II sales.
3 Defendants admit that the first quotation in paragraph 35 partially quotes from a webpage, but
4 deny that paragraph 35 accurately quotes from that webpage. Defendants refer the Court to the
5 full text of the webpage for a complete and accurate depiction of its contents and the context of
6 the partial quotation found in paragraph 35.

7 36. Defendants admit that paragraph 36 partially quotes from a webpage, but deny
8 that paragraph 36 accurately characterizes the quotes from that webpage. Defendants refer the
9 Court to the full text of the webpage for a complete and accurate depiction of its contents and the
10 context of the partial quotation found in paragraph 36.

11 37. Defendants admit that paragraph 37 partially quotes from a webpage but deny that
12 paragraph 37 accurately characterizes the quotes from that webpage. Defendants refer the Court
13 to the full text of the webpage for a complete and accurate depiction of its contents and the
14 context of the partial quotation found in paragraph 37.

15 38. Defendants admit that paragraph 38 partially quotes from a webpage. Defendants
16 refer the Court to the full text of the webpage for a complete and accurate depiction of its
17 contents and the context of the partial quotation found in paragraph 38.

18 39. Defendants admit that paragraph 39 partially quotes from a webpage. Defendants
19 refer the Court to the full text of the webpage for a complete and accurate depiction of its
20 contents and the context of the partial quotation found in paragraph 39.

21 40. Defendants deny the allegations in paragraph 40.

22 41. Defendants admit that its CEO Brad Garlinghouse has made statements about
23 XRP's utility, including its use as a bridge currency for international payments. Defendants
24 admit that the remainder of paragraph 41 partially quotes from various articles and interviews.
25 Defendants refer the Court to the full text of these articles and interviews for a complete and
26 accurate depiction of their contents and the context for the partial quotations found in paragraph
27 41. Defendants otherwise deny the allegations in paragraph 41.

28 42. Defendants admit that paragraph 42 partially quotes from a Submission to the

1 Conference of State Bank Supervisors and that Ripple posted this submission on its website and
2 on its Ripple Insights blog. Defendants refer the Court to the full text of the webpage for a
3 complete and accurate depiction of its contents and the context of the partial quotation found in
4 paragraph 42. Defendants otherwise deny the allegations in paragraph 42.

5 43. Defendants admit that Ripple holds a certain amount of XRP, that the vast
6 majority of which is in escrow. Defendants otherwise deny the allegations in paragraph 43.

7 44. Defendants deny the allegations in paragraph 44.

8 45. Defendants admit that the first sentence of paragraph 45 contains a partial
9 quotation from a prior version of a webpage. Defendants refer the Court to the full text of the
10 archived webpage for a complete and accurate depiction of its contents and the context of the
11 partial quotation found in paragraph 45. Defendants admit that the second sentence of paragraph
12 45 contain a partial quotation from the webpage. Defendants refer the Court to the full text of
13 the webpage for a complete and accurate depiction of its contents and the context of the partial
14 quotation found in paragraph 45. Defendants otherwise deny the allegations in paragraph 45.

15 46. Defendants admit that paragraph 46 partially quotes from a tweet. Defendants
16 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
17 and the context of the partial quotation found in paragraph 46. Defendants otherwise deny the
18 allegations in paragraph 46.

19 47. Defendants admit that the first sentence of paragraph 47 partially quotes from a
20 tweet. Defendants refer the Court to the full text of the tweet for a complete and accurate
21 depiction of its contents and the context of the partial quotation found in paragraph 47.

22 Defendants admit that the remaining sentences in paragraph 47 partially quote from an article.
23 Defendants refer the Court to the full text of the article for a complete and accurate depiction of
24 its contents and the context of the partial quotation found in paragraph 47. Defendants otherwise
25 deny the allegations in paragraph 47.

26 48. Defendants deny the allegations in paragraph 48.

27 49. Defendants admit that Ripple hosted a conference named “Swell” from October
28 16–18, 2017, in Toronto, Canada. Defendants admit that the third sentence in paragraph 49

1 partially quotes from a webpage. Defendants refer the Court to the full text of the webpage for a
2 complete and accurate depiction of its contents and the context of the partial quotation found in
3 paragraph 49. Defendants otherwise deny the allegations in paragraph 49.

4 50. Defendants lack information sufficient to admit or deny allegations regarding
5 CoinDesk's corporate relationship to Digital Currency Group and therefore denies it.
6 Defendants admit that paragraph 50 partially quotes from an article. Defendants refer the Court
7 to the full text of the article for a complete and accurate depiction of its contents and the context
8 of the partial quotation found in paragraph 50. Defendants otherwise deny the allegations in
9 paragraph 50.

10 51. Defendants admit that paragraph 51 partially quotes from a tweet. Defendants
11 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
12 and the context of the partial quotation found in paragraph 51. Defendants otherwise deny the
13 allegations in paragraph 51.

14 52. Defendants admit that paragraph 52 partially quotes from a tweet. Defendants
15 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
16 and the context of the partial quotation found in paragraph 52. Defendants admit that "HODL"
17 means "hold." Defendants otherwise deny the allegations in paragraph 52.

18 53. Defendants deny the allegations in paragraph 53.

19 54. Defendants admit that paragraph 54 partially quotes from a tweet. Defendants
20 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
21 and the context of the partial quotation found in paragraph 54.

22 55. Defendants admit that paragraph 55 partially quotes from a tweet. Defendants
23 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
24 and the context of the partial quotation found in paragraph 55.

25 56. Defendants admit that paragraph 56 partially quotes from a tweet. Defendants
26 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
27 and the context of the partial quotation found in paragraph 56. Defendants admit that paragraph
28 56 quotes from an article. Defendants refer the Court to the full text of the article for a complete

1 and accurate depiction of its contents and the context of the partial quotation found in paragraph
2 56.

3 57. Defendants refer to their answers reflected above in paragraphs 31–37 regarding
4 Defendants’ sales of XRP and refer the Court to the documents referenced therein for the
5 information regarding Defendants’ sales. Defendants deny that any of its statements regarding
6 its holding of XRP were misleading. The sixth, seventh and eight sentences are legal arguments
7 that require no response. To the extent that these sentences contains factual allegations or
8 otherwise require a response, Defendants deny the allegations. Defendants otherwise deny the
9 allegations in paragraph 57.

10 58. Defendants admit that in September 2018 Ripple was among several companies
11 that announced the founding of the Securing America’s Internet of Value Coalition and that the
12 coalition had retained the Klein/Johnson Group. Defendants also admit that paragraph 58
13 partially quotes an article. Defendants refer the Court to the full text of the article for a complete
14 and accurate depiction of its contents and the context of the partial quotation found in paragraph
15 58. Defendants otherwise deny the allegations in paragraph 58.

16 59. Defendants admit that paragraph 59 partially quotes an article. Defendants refer
17 the Court to the full text of the article for a complete and accurate depiction of its contents and
18 the context of the partial quotation found in paragraph 59. Defendants otherwise deny the
19 allegations in paragraph 59.

20 60. Defendants admit that paragraph 60 partially quotes a prior version of Ripple’s
21 website. Defendants refer the Court to the full text of the archived webpage for a complete and
22 accurate depiction of its contents and the context of the partial quotation found in paragraph 60.

23 61. xCurrent no longer operates as a separate product or name. Defendants admit that
24 when xCurrent did operate as a separate product, it did not use XRP. Defendants otherwise deny
25 the allegations in paragraph 61.

26 62. xVia no longer operates as a separate product or name. Defendants admit that
27 when xVia operated as a separate product, it did not use XRP. Defendants admit that paragraph
28 62 partially quotes a prior version of Ripple’s website. Defendants refer the Court to the full text

1 of the archived webpage for a complete and accurate depiction of its contents and the context of
2 the partial quotation found in paragraph 62. Defendants otherwise deny the allegations in
3 paragraph 62.

4 63. Defendants deny the allegations in paragraph 63.

5 64. Defendants admit that paragraph 64 partially quotes from a tweet. Defendants
6 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
7 and the context of the partial quotation found in paragraph 64. Defendants otherwise deny the
8 allegations in paragraph 64.

9 65. Defendants admit that paragraph 65 partially quotes from a tweet. Defendants
10 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
11 and the context of the partial quotation found in paragraph 65. Defendants otherwise deny the
12 allegations in paragraph 65.

13 66. Defendants admit that paragraph 66 partially quotes from a tweet. Defendants
14 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
15 and the context of the partial quotation found in paragraph 66. Defendants otherwise deny the
16 allegations in paragraph 66.

17 67. Defendants admit that paragraph 67 partially quotes from a tweet. Defendants
18 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
19 and the context of the partial quotation found in paragraph 67. Defendants otherwise deny the
20 allegations in paragraph 67.

21 68. Defendants admit that paragraph 68 partially quotes from a tweet. Defendants
22 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
23 and the context of the partial quotation found in paragraph 68. Defendants otherwise deny the
24 allegations in paragraph 68.

25 69. Defendants admit that paragraph 69 partially quotes from a tweet. Defendants
26 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
27 and the context of the partial quotation found in paragraph 69. Defendants admit that paragraph
28 69 quotes from an interview of Mr. Garlinghouse. Defendants refer the Court to the full

1 interview for a complete and accurate depiction of its contents and the context of the partial
2 quotation found in paragraph 69. Defendants otherwise deny the allegations in paragraph 69.

3 70. Defendants admit that paragraph 70 quotes from an interview of Mr.
4 Garlinghouse. Defendants refer the Court to the full interview for a complete and accurate
5 depiction of its contents and the context of the partial quotation found in paragraph 70.

6 71. Defendants admit that paragraph 71 partially quotes from tweets. Defendants
7 refer the Court to the full text of those tweets for a complete and accurate depiction of their
8 content and the context of the partial quotations found in paragraph 71.

9 72. Defendants admit that paragraph 72 partially quotes from tweets. Defendants
10 refer the Court to the full text of the tweets for a complete and accurate depiction of their content
11 and the context of the partial quotations found in paragraph 72. Defendants admit that paragraph
12 72 partially quotes from an archived version of Ripple's website. Defendants refer the Court to
13 the full text of the archived website for a complete and accurate depiction of its contents and the
14 context of the partial quotation found in paragraph 72. Defendants otherwise deny the
15 allegations in paragraph 72.

16 73. Defendants admit that paragraph 73 partially quotes from a tweet. Defendants
17 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
18 and the context of the partial quotation found in paragraph 73. Defendants otherwise deny the
19 allegations in paragraph 73.

20 74. Defendants admit that paragraph 74 partially quotes from an interview with Mr.
21 Garlinghouse. Defendants refer the Court to the full interview for a complete and accurate
22 depiction of its contents and the context of the partial quotation found in paragraph 74.
23 Defendants otherwise deny the allegations in paragraph 74.

24 75. Defendants admit that paragraph 75 partially quotes from an interview with Mr.
25 Garlinghouse. Defendants refer the Court to the full interview for a complete and accurate
26 depiction of its contents and the context of the partial quotation found in paragraph 75.
27 Defendants otherwise deny the allegations in paragraph 75.

28 76. Defendants deny the allegations in paragraph 76.

1 77. Defendants admit that paragraph 77 partially quotes from an article. Defendants
2 refer the Court to the full text of the article for a complete and accurate depiction of its contents
3 and the context of the partial quotation found in paragraph 77. Defendants admit that paragraph
4 77 partially quotes from a tweet. Defendants refer the Court to the full text of the tweet for a
5 complete and accurate depiction of its contents and the context of the partial quotation found in
6 paragraph 77. Defendants otherwise deny the allegations in paragraph 77.

7 78. The Complaint does not allege the source of the alleged quotations found in
8 paragraph 78. For this reason, Defendants lack sufficient knowledge to admit or deny the
9 allegations in paragraph 78, and therefore deny them.

10 79. Defendants admit that paragraph 79 partially quotes from tweets. Defendants
11 refer the Court to the full text of those tweets for a complete and accurate depiction of their
12 content and the context of the partial quotations found in paragraph 79. Defendants also admit
13 that the term FUD stands for “fear, uncertainty and doubt.” Defendants otherwise deny the
14 allegations in paragraph 79.

15 80. Defendants admit that paragraph 80 partially quotes from tweets. Defendants
16 refer the Court to the full text of those tweets for a complete and accurate depiction of its
17 contents and the context of the partial quotation found in paragraph 80. Defendants otherwise
18 deny the allegations in paragraph 80.

19 81. Defendants deny the allegations in paragraph 81.

20 82. Defendants lack information sufficient to admit or deny the allegations related to
21 which exchanges are the easiest ways for U.S. customers to buy crypto-assets with U.S. dollars
22 and therefore deny them. Defendants otherwise deny the allegations in paragraph 82.

23 83. Defendants lack information sufficient to admit or deny the allegations related to
24 Litecoin and Bitcoin Cash and therefore deny them. Defendants otherwise deny the allegations
25 in paragraph 83.

26 84. Defendants deny the allegations in paragraph 84.

27 85. Defendants admit that paragraph 85 partially quotes from an article. Defendants
28 refer the Court to the full text of that article for a complete and accurate depiction of its contents

1 and the context of the partial quotation found in paragraph 85.

2 86. Defendants admit that paragraph 86 partially quotes from an article. Defendants
3 refer the Court to the full text of that article for a complete and accurate depiction of its contents
4 and the context of the partial quotation found in paragraph 86. Defendants admit that Coinbase
5 and Gemini did not list XRP in 2017.

6 87. Defendants admit that paragraph 87 partially quotes from a tweet. Defendants
7 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
8 and the context of the partial quotation found in paragraph 87.

9 88. Defendants admit that paragraph 88 partially quotes from a tweet. Defendants
10 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
11 and the context of the partial quotation found in paragraph 88. Defendants otherwise deny the
12 allegations in paragraph 88.

13 89. Defendants lack information sufficient to admit or deny allegations regarding
14 unspecified “rumors” and therefore deny these allegations.

15 90. Defendants admit that in May 2017, Ripple announced that it would place 55
16 billion XRP into a series of escrows on the XRP Ledger. After implementation, each month, the
17 XRP Ledger releases a total of one billion XRP to Ripple to use – or not use – as it chooses, with
18 any unused XRP being returned to escrow. Defendants otherwise deny the allegations in
19 paragraph 90.

20 91. Defendants admit that paragraph 91 partially quotes from an article. Defendants
21 refer the Court to the full text of the article for a complete and accurate depiction of its contents
22 and the context of the partial quotation found in paragraph 91. Defendants admit that paragraph
23 91 partially quotes from a tweet. Defendants refer the Court to the full text of the tweet for a
24 complete and accurate depiction of its contents and the context of the partial quotation found in
25 paragraph 91. Defendants otherwise deny the allegations in paragraph 91.

26 92. Defendants admit that paragraph 92 partially quotes from an article. Defendants
27 refer the Court to the full text of that article for a complete and accurate depiction of its contents
28 and the context of the partial quotation found in paragraph 92.

1 93. Defendants admit that paragraph 93 partially quotes from an article. Defendants
2 refer the Court to the full text of that article for a complete and accurate depiction of its contents
3 and the context of the partial quotation found in paragraph 93. Defendants otherwise deny the
4 allegations in paragraph 93.

5 94. Defendants refer the Court to XRP's historical pricing information, which is
6 publicly available on numerous websites, for a complete and accurate price history of XRP.
7 Defendants admit that paragraph 94 partially quotes from a website. Defendants refer the Court
8 to the full text of that website for a complete and accurate depiction of its contents and the
9 context of the partial quotation found in paragraph 94. Defendants otherwise deny the
10 allegations in paragraph 94.

11 95. Defendants admit that paragraph 95 partially quotes from Ripple's website.
12 Defendants refer the Court to the full text of that website for a complete and accurate depiction
13 of its contents and the context of the partial quotation found in paragraph 95. Defendants
14 otherwise deny the allegations in paragraph 95.

15 96. Defendants admit that paragraph 96 partially quotes from Ripple's website.
16 Defendants refer the Court to the full text of that website for a complete and accurate depiction
17 of its contents and the context of the partial quotation found in paragraph 96. Defendants
18 otherwise deny the allegations in paragraph 96.

19 97. Defendants admit that paragraph 97 partially quotes from Ripple's website.
20 Defendants refer the Court to the full text of that website for a complete and accurate depiction
21 of its contents and the context of the partial quotation found in paragraph 97. Defendants admit
22 that paragraph 97 partially quotes from tweets. Defendants refer the Court to the full text of
23 those tweets for a complete and accurate depiction of their content and the context of the partial
24 quotations found in paragraph 97. Defendants otherwise deny the allegations in paragraph 97.

25 98. Defendants deny the first sentence. Defendants refer the Court to XRP's
26 historical pricing information, which is publicly available on numerous websites, for a complete
27 and accurate price history of XRP. Defendants otherwise deny the allegations in paragraph 98.

28 99. Defendants admit that paragraph 99 partially quotes from Ripple's website.

1 Defendants refer the Court to the full text of that website for a complete and accurate depiction
2 of its contents and the context of the partial quotation found in paragraph 99. Defendants
3 otherwise deny the allegations in paragraph 99.

4 100. Defendants admit that, after implementation of the escrow, 1 billion XRP became
5 and will become available to Ripple for 55 months and that any of the 1 billion XRP that remains
6 unused at the end of the month is returned to escrow. Defendants otherwise deny the allegations
7 in paragraph 100.

8 101. Defendants deny the allegations in paragraph 101.

9 102. Defendants admit that paragraph 102 partially quotes from an article. Defendants
10 refer the Court to the full text of that article for a complete and accurate depiction of its contents
11 and the context of the partial quotation found in paragraph 102. Defendants otherwise deny the
12 allegations in paragraph 102.

13 103. Defendants admit that paragraph 103 partially refers to various articles and media
14 channels. Defendants refer the Court to the full text of those articles and media channels for a
15 complete and accurate depiction of their contents and the context of the references found in
16 paragraph 103. Defendants otherwise deny the allegations in paragraph 103.

17 104. Defendants deny the allegations in paragraph 104.

18 105. Defendants admit that in February 2017, a Ripple executive tweeted a link to an
19 article announcing a deal with BitGo. Defendants otherwise deny the allegations in paragraph
20 105.

21 106. Defendants admit that paragraph 106 partially quotes from Ripple's website.
22 Defendants refer the Court to the full text of that website for a complete and accurate depiction
23 of its contents and the context of the partial quotation found in paragraph 106. Defendants
24 otherwise deny the allegations in paragraph 106.

25 107. Defendants admit that paragraph 107 partially quotes from Ripple's website.
26 Defendants refer the Court to the full text of that website for a complete and accurate depiction
27 of its contents and the context of the partial quotation found in paragraph 107. Defendants
28 otherwise deny the allegations in paragraph 107.

1 108. Defendants admit that paragraph 108 partially quotes from Ripple’s website.
2 Defendants refer the Court to the full text of that website for a complete and accurate depiction
3 of its contents and the context of the partial quotation found in paragraph 108. Defendants
4 otherwise deny the allegations in paragraph 108.

5 109. Defendants admit that paragraph 109 partially quotes from a tweet. Defendants
6 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
7 and the context of the partial quotation found in paragraph 109. Defendants otherwise deny the
8 allegations in paragraph 109.

9 110. Defendants admit that in 2016, Ripple and XRP II entered into various
10 agreements with certain R3 entities, including an option to purchase 5 billion XRP. Defendants
11 otherwise deny the allegations in paragraph 110.

12 111. Defendants admit that the agreements with certain R3 entities were terminated in
13 June 2017. Defendants admit that Ripple and XRP II later sued certain R3 entities based on
14 certain R3 entities’ alleged breaches of those underlying agreements. Defendants otherwise deny
15 the allegations in paragraph 111.

16 112. Defendants deny the allegations in paragraph 112.

17 113. Defendants admit that the XRP Ledger uses a consensus protocol. Defendants
18 otherwise deny the allegations in paragraph 113.

19 114. Defendants admit that during consensus, each server evaluates proposals from a
20 specific set of trusted validators, or Unique Node List (“UNL”). Users are free to use any UNL
21 they prefer, and anyone can run a node or validator. Ripple admits that it publishes a UNL that
22 validators may choose to adopt if they so choose, but they are not required to do so. Defendants
23 otherwise deny the allegations in paragraph 114.

24 115. Defendants lack information sufficient to admit or deny actions taken by BitMex
25 Research, and therefore deny these allegations. Defendants admit that paragraph 115 partially
26 quotes from a blog post. Defendants refer the Court to the full text of that blog for a complete
27 and accurate depiction of its contents and the context of the partial quotation found in paragraph
28 115. Defendants otherwise deny the allegations in paragraph 115.

1 116. Defendants admit that paragraph 116 partially quotes from a blog post.
2 Defendants refer the Court to the full text of that blog for a complete and accurate depiction of its
3 contents and the context of the partial quotation found in paragraph 116. Defendants otherwise
4 deny the allegations in paragraph 116.

5 117. Defendants admit that paragraph 117 partially quotes a document. Defendants
6 refer the Court to the full text of the document for a complete and accurate depiction of its
7 contents and the context of the partial quotation found in paragraph 117. Defendants otherwise
8 deny the allegations in paragraph 117.

9 118. Defendants admit that in May 2015, Ripple and XRP II entered into a settlement
10 with the DOJ and FinCEN which states that XRP is a “convertible virtual currency.” As a result
11 of the settlement, Ripple and XRP II stipulated to pay \$700,000 for certain alleged violations of
12 the Bank Secrecy Act. Defendants admit that, pursuant to the settlement, Ripple and XRP II
13 agreed to undertake certain remedial measures. Defendants otherwise deny the allegations in
14 paragraph 118.

15 119. Defendants admit that paragraph 119 partially quotes from tweets. Defendants
16 refer the Court to the full text of those tweets for a complete and accurate depiction of their
17 contents and the context of the partial quotations found in paragraph 119. Defendants otherwise
18 deny the allegations in paragraph 119.

19 120. Defendants admit that paragraph 120 partially quotes from a tweet. Defendants
20 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
21 and the context of the partial quotation found in paragraph 120. Defendants otherwise deny the
22 allegations in paragraph 120.

23 121. Defendants admit that paragraph 121 partially quotes from a tweet. Defendants
24 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
25 and the context of the partial quotation found in paragraph 121. Defendants otherwise deny the
26 allegations in paragraph 121.

27 122. Defendants admit that paragraph 122 partially quotes from a tweet. Defendants
28 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents

1 and the context of the partial quotation found in paragraph 122. Defendants otherwise deny the
2 allegations in paragraph 122.

3 123. Defendants admit that paragraph 123 partially quotes from tweets. Defendants
4 refer the Court to the full text of those tweets for a complete and accurate depiction of its
5 contents and the context of the partial quotation found in paragraph 123. Defendants otherwise
6 deny the allegations in paragraph 123.

7 124. Defendants admit that paragraph 124 partially quotes from a tweet. Defendants
8 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
9 and the context of the partial quotation found in paragraph 124. Defendants otherwise deny the
10 allegations in paragraph 124.

11 125. Defendants admit that Ripple makes the open-sourced Rippled software available
12 for download at github.com/ripple/rippled. Defendants otherwise deny the allegations in
13 paragraph 125.

14 126. Defendants admit that paragraph 126 partially quotes from a tweet. Defendants
15 refer the Court to the full text of the tweet for a complete and accurate depiction of its contents
16 and the context of the partial quotation found in paragraph 126. Defendants otherwise deny the
17 allegations in paragraph 126.

18 127. Paragraph 127 is a legal argument that requires no response. To the extent that
19 paragraph 127 contains factual allegations or otherwise requires a response, Defendants state that
20 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
21 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
22 replace any existing laws. Defendants otherwise deny the allegations.

23 128. Paragraph 128 is a legal argument that requires no response. To the extent that
24 paragraph 128 contains factual allegations or otherwise requires a response, Defendants state that
25 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
26 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
27 replace any existing laws. Defendants otherwise deny the allegations.

28 129. Paragraph 129 is a legal argument that requires no response. To the extent that

1 paragraph 129 contains factual allegations or otherwise requires a response, Defendants state that
2 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
3 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
4 replace any existing laws. Defendants otherwise deny the allegations.

5 130. Defendants deny the allegations in paragraph 130.

6 131. Paragraph 131 is a legal argument that requires no response. To the extent that
7 paragraph 131 contains factual allegations or otherwise requires a response, Defendants state that
8 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
9 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
10 replace any existing laws. Defendants otherwise deny the allegations.

11 132. Defendants lack information sufficient to admit or deny, and therefore deny, the
12 allegations regarding the actions of “Lead Plaintiff and the Class.” Paragraph 132 is otherwise a
13 legal argument that requires no response. To the extent that paragraph 132 contains factual
14 allegations or otherwise requires a response, Defendants state that the SEC Framework is “not a
15 rule, regulation, or statement of the Commission” and “is not binding” on the Commission or
16 otherwise. The Framework is not the law and did not modify or replace any existing laws.
17 Defendants otherwise deny the allegations.

18 133. Defendants deny the allegations in paragraph 133.

19 134. Defendants admit that XRP is fungible. Defendants admit that XRP can be
20 purchased or sold on over 200 exchanges. Defendants otherwise deny the allegations of
21 paragraph 134.

22 135. Paragraph 135 is a legal argument that requires no response. To the extent that
23 paragraph 135 contains factual allegations or otherwise requires a response, Defendants state that
24 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
25 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
26 replace any existing laws. Defendants otherwise deny the allegations.

27 136. Defendants admit that paragraph 136 partially quotes Ripple’s wiki. Defendants
28 refer the Court to the full text of the wiki for a complete and accurate depiction of its contents

1 and the context of the partial quotation found in paragraph 136. Paragraph 136 is otherwise a
2 legal argument that requires no response. To the extent that paragraph 136 contains additional
3 factual allegations or otherwise requires a response, Defendants state that the SEC Framework is
4 “not a rule, regulation, or statement of the Commission” and “is not binding” on the Commission
5 or otherwise. The Framework is not the law and did not modify or replace any existing laws.
6 Defendants otherwise deny the allegations.

7 137. The Complaint does not identify the source of the alleged quotation found in
8 paragraph 137. For this reason, Defendants lack sufficient knowledge to admit or deny the
9 allegations in paragraph 137, and therefore deny them.

10 138. Defendants deny the allegations in paragraph 138.

11 139. Paragraph 139 is a legal argument that requires no response. To the extent that
12 paragraph 139 contains factual allegations or otherwise requires a response, Defendants state that
13 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
14 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
15 replace any existing laws. Defendants otherwise deny the allegations.

16 140. Defendants lack information sufficient to admit or deny, and therefore deny, the
17 allegations regarding the actions and expectations of “investors in XRP, including Lead Plaintiff
18 and the Class.” Defendants otherwise deny the allegations in paragraph 140.

19 141. Defendants admit that paragraph 141 partially quotes a prior version of Ripple’s
20 website. Defendants refer the Court to the full text of the archived webpage for a complete and
21 accurate depiction of its contents and the context of the partial quotation found in paragraph 141.
22 Defendants otherwise deny the allegations in paragraph 141.

23 142. Defendants admit that paragraph 142 partially quotes an interview with Mr.
24 Garlinghouse. Defendants refer the Court to the full interview for a complete and accurate
25 depiction of its contents and the context of the partial quotation found in paragraph 142.
26 Defendants otherwise deny the allegations in paragraph 142.

27 143. Defendants admit that Ripple placed 55 billion XRP into escrow. Defendants
28 otherwise deny the allegations in paragraph 143, including the alleged quotation in paragraph

1 143, of which the complaint does not allege the source and which Defendants therefore lack
2 sufficient knowledge to admit or deny.

3 144. Defendants deny the allegations in paragraph 144.

4 145. Defendants admit that paragraph 145 partially quotes from Ripple's website.
5 Defendants refer the Court to the full text of that website for a complete and accurate depiction
6 of its contents and the context of the partial quotation found in paragraph 145. Defendants admit
7 that paragraph 145 partially quotes from a tweet. Defendants refer the Court to the full text of
8 that tweet for a complete and accurate depiction of its contents and the context of the partial
9 quotation found in paragraph 145. Defendants otherwise deny the allegations in paragraph 145.

10 146. Paragraph 146 is a legal argument that requires no response. To the extent that
11 paragraph 146 contains additional factual allegations or otherwise requires a response,
12 Defendants state that the SEC Framework is "not a rule, regulation, or statement of the
13 Commission" and "is not binding" on the Commission or otherwise. The Framework is not the
14 law and did not modify or replace any existing laws. Defendants otherwise deny the allegations.

15 147. Paragraph 147 is a legal argument that requires no response. To the extent that
16 paragraph 147 contains factual allegations or otherwise requires a response, Defendants state that
17 the SEC Framework is "not a rule, regulation, or statement of the Commission" and "is not
18 binding" on the Commission or otherwise. The Framework is not the law and did not modify or
19 replace any existing laws. Defendants otherwise deny the allegations.

20 148. Paragraph 148 is a legal argument that requires no response. To the extent that
21 paragraph 148 contains factual allegations or otherwise requires a response, Defendants state that
22 the SEC Framework is "not a rule, regulation, or statement of the Commission" and "is not
23 binding" on the Commission or otherwise. The Framework is not the law and did not modify or
24 replace any existing laws. Defendants otherwise deny the allegations.

25 149. Defendants lack information sufficient to admit or deny, and therefore deny, the
26 allegations regarding "Lead Plaintiff and the Class." Defendants otherwise deny the allegations
27 in paragraph 149.

28 150. Defendants deny the allegations in paragraph 150.

1 151. Defendants admit that paragraph 151 partially quotes Ripple's website.
2 Defendants refer the Court to the full text of the webpage for a complete and accurate depiction
3 of its contents and the context of the partial quotation found in paragraph 151. Defendants admit
4 that paragraph 151 partially quotes Ripple's wiki. Defendants refer the Court to the full text of
5 the wiki for a complete and accurate depiction of its contents and the context of the partial
6 quotation found in paragraph 151. Defendants otherwise deny the allegations in paragraph 151.

7 152. Defendants admit that paragraph 152 partially quotes a website. Defendants refer
8 the Court to the webpage for a complete and accurate depiction of its contents and the context of
9 the partial quotation found in paragraph 152. Defendants otherwise deny the allegations in
10 paragraph 152.

11 153. Defendants admit that paragraph 153 partially quotes Ripple's website.
12 Defendants refer the Court to the webpage for a complete and accurate depiction of its contents
13 and the context of the partial quotation found in paragraph 153. Defendants otherwise deny the
14 allegations in paragraph 153.

15 154. Defendants admit that paragraph 154 partially quotes a website. Defendants refer
16 the Court to the webpage for a complete and accurate depiction of its contents and the context of
17 the partial quotation found in paragraph 154. Defendants otherwise deny the allegations in
18 paragraph 154.

19 155. Defendants lack information sufficient to admit or deny allegations regarding
20 Ripple or its executives uncited acknowledgements and therefore deny these allegations.
21 Defendants otherwise deny the allegations in paragraph 155.

22 156. Defendants admit that paragraph 156 partially quotes a website. Defendants refer
23 the Court to the webpage for a complete and accurate depiction of its contents and the context of
24 the partial quotation found in paragraph 156. Defendants otherwise deny the allegations in
25 paragraph 156.

26 157. Defendants deny the allegations in paragraph 157.

27 158. Defendants admit that paragraph 158 partially quotes an SEC document.
28 Defendants refer the Court to the full text of the document for a complete and accurate depiction

1 of its contents and the context of the partial quotation found in paragraph 158. Paragraph 158 is
2 otherwise a legal argument that requires no response. To the extent that paragraph 158 contains
3 additional factual allegations or otherwise requires a response, Defendants state that the SEC
4 Framework is “not a rule, regulation, or statement of the Commission” and “is not binding” on
5 the Commission or otherwise. The Framework is not the law and did not modify or replace any
6 existing laws. Defendants otherwise deny the allegations.

7 159. Paragraph 159 is a legal argument that requires no response. To the extent that
8 paragraph 159 contains factual allegations or otherwise requires a response, Defendants deny the
9 allegations.

10 160. Paragraph 160 is a legal argument that requires no response. To the extent that
11 paragraph 160 contains factual allegations or otherwise requires a response, Defendants state that
12 the SEC Framework is “not a rule, regulation, or statement of the Commission” and “is not
13 binding” on the Commission or otherwise. The Framework is not the law and did not modify or
14 replace any existing laws. Defendants otherwise deny the allegations.

15 161. Paragraph 161 is a legal argument that requires no response. To the extent that
16 paragraph 161 contains factual allegations or otherwise requires a response, Defendants deny the
17 allegations.

18 162. Paragraph 162 is a legal argument that requires no response. To the extent that
19 paragraph 162 contains factual allegations or otherwise requires a response, Defendants deny the
20 allegations.

21 163. Paragraph 163 is a legal argument that requires no response. To the extent that
22 paragraph 163 contains factual allegations or otherwise requires a response, Defendants deny the
23 allegations.

24 164. Defendants lack information sufficient to admit or deny, and therefore deny,
25 allegations regarding “Lead Plaintiff and the Class.” Paragraph 164 is otherwise a legal
26 argument that requires no response. To the extent that paragraph 164 contains additional factual
27 allegations or otherwise requires a response, Defendants deny the allegations.

28 165. Paragraph 165 is a legal argument that requires no response. To the extent that

1 paragraph 165 contains factual allegations or otherwise requires a response, Defendants deny the
2 allegations.

3 166. Paragraph 166 is a legal characterization of the Complaint and contains no factual
4 allegations that Defendants are required to admit or deny. To the extent that paragraph 166
5 contains factual allegations or otherwise requires a response, Defendants deny the allegations in
6 paragraph 166.

7 167. Paragraph 167 is a legal argument that requires no response. To the extent that
8 paragraph 167 contains factual allegations or otherwise requires a response, Defendants deny the
9 allegations.

10 168. Paragraph 168 is a legal argument that requires no response. To the extent that
11 paragraph 168 contains factual allegations or otherwise requires a response, Defendants deny the
12 allegations.

13 169. Defendants lack information sufficient to admit or deny, and therefore deny,
14 allegations regarding Lead Plaintiff. Paragraph 169 is otherwise a legal argument that requires
15 no response. To the extent that paragraph 169 contains factual allegations or otherwise requires
16 a response, Defendants deny the allegations.

17 170. Defendants lack information sufficient to admit or deny, and therefore deny,
18 allegations regarding Lead Plaintiff. Paragraph 170 is otherwise a legal argument that requires
19 no response. To the extent that paragraph 170 contains factual allegations or otherwise requires
20 a response, Defendants deny the allegations.

21 171. Defendants lack information sufficient to admit or deny, and therefore deny,
22 allegations regarding Lead Plaintiff. Paragraph 171 is otherwise a legal argument that requires
23 no response. To the extent that paragraph 171 contains factual allegations or otherwise requires
24 a response, Defendants deny the allegations.

25 172. Defendants lack information sufficient to admit or deny, and therefore deny, the
26 allegations in paragraph 172.

27 173. Paragraph 173 is a legal argument that requires no response. To the extent that
28 paragraph 173 contains factual allegations or otherwise requires a response, Defendants deny the

1 allegations.

2 174. Paragraph 174 is a legal argument that requires no response. To the extent that
3 paragraph 174 contains factual allegations or otherwise requires a response, Defendants deny the
4 allegations.

5 175. Paragraph 175 incorporates by reference Paragraphs 1 through 175 of the
6 Complaint. Defendants likewise incorporate by reference their responses to Paragraphs 1
7 through 175.

8 176. Paragraph 176 is a legal argument that requires no response. To the extent that
9 paragraph 176 contains factual allegations or otherwise requires a response, Defendants deny the
10 allegations.

11 177. Paragraph 177 is a legal argument that requires no response. To the extent that
12 paragraph 177 contains factual allegations or otherwise requires a response, Defendants deny the
13 allegations.

14 178. Defendants lack information sufficient to admit or deny, and therefore deny,
15 allegations regarding “Lead Plaintiff and members of the Class.” Paragraph 178 is otherwise a
16 legal argument that requires no response. To the extent that paragraph 178 contains factual
17 allegations or otherwise requires a response, Defendants deny the allegations.

18 179. Defendants admit that XRP is not registered with the SEC.

19 180. Paragraph 180 is a legal argument that requires no response. To the extent that
20 paragraph 180 contains factual allegations or otherwise requires a response, Defendants deny the
21 allegations.

22 181. Defendants lack information sufficient to admit or deny, and therefore deny,
23 allegations regarding “Lead Plaintiff and members of the Class.” Paragraph 181 is otherwise a
24 legal argument that requires no response. To the extent that paragraph 181 contains factual
25 allegations or otherwise requires a response, Defendants deny the allegations.

26 182. Paragraph 182 incorporates by reference Paragraphs 1 through 182 of the
27 Complaint. Defendants likewise incorporate by reference their responses to Paragraphs 1
28 through 182.

1 183. Paragraph 183 is a legal characterization of the Complaint and contains no factual
2 allegations that Defendants are required to admit or deny. To the extent that paragraph 183
3 contains factual allegations or otherwise requires a response, Defendants deny the allegations in
4 paragraph 183.

5 184. Paragraph 184 is a legal argument that requires no response. To the extent that
6 paragraph 184 contains factual allegations or otherwise requires a response, Defendants deny the
7 allegations.

8 185. Paragraph 185 is a legal argument that requires no response. To the extent that
9 paragraph 185 contains factual allegations or otherwise requires a response, Defendants deny the
10 allegations.

11 186. Paragraph 186 is a legal argument that requires no response. To the extent that
12 paragraph 186 contains factual allegations or otherwise requires a response, Defendants deny the
13 allegations.

14 187. Paragraph 187 is a legal argument that requires no response. To the extent that
15 paragraph 187 contains factual allegations or otherwise requires a response, Defendants deny the
16 allegations.

17 188. Paragraph 188 is a legal argument that requires no response. To the extent that
18 paragraph 188 contains factual allegations or otherwise requires a response, Defendants deny the
19 allegations.

20 189. Paragraph 189 is a legal argument that requires no response. To the extent that
21 paragraph 189 contains factual allegations or otherwise requires a response, Defendants deny the
22 allegations.

23 190. Paragraph 190 incorporates by reference Paragraphs 1 through 190 of the
24 Complaint. Defendants likewise incorporate by reference their responses to Paragraphs 1
25 through 190.

26 191. Paragraph 191 is a legal argument that requires no response. To the extent that
27 paragraph 191 contains factual allegations or otherwise requires a response, Defendants deny the
28 allegations.

1 192. Paragraph 192 is a legal argument that requires no response. To the extent that
2 paragraph 192 contains factual allegations or otherwise requires a response, Defendants deny the
3 allegations.

4 193. Defendants lack information sufficient to admit or deny, and therefore deny, the
5 allegations in paragraph 193.

6 194. Defendants admit that XRP is not registered with the SEC or the California
7 Commissioner of Corporations. Defendants otherwise deny the allegations in paragraph 194.

8 195. Paragraph 195 is a legal argument that requires no response. To the extent that
9 paragraph 195 contains factual allegations or otherwise requires a response, Defendants deny the
10 allegations.

11 196. Defendants lack information sufficient to admit or deny, and therefore deny,
12 allegations regarding “Lead Plaintiff and members of the Class.” Paragraph 196 is otherwise a
13 legal argument that requires no response. To the extent that paragraph 196 contains factual
14 allegations or otherwise requires a response, Defendants deny the allegations.

15 197. Paragraph 197 incorporates by reference Paragraphs 1 through 197 of the
16 Complaint. Defendants likewise incorporate by reference their responses to Paragraphs 1
17 through 197.

18 198. Paragraph 198 is a legal characterization of the Complaint and contains no factual
19 allegations that Defendants are required to admit or deny. To the extent that paragraph 198
20 contains factual allegations or otherwise requires a response, Defendants deny the allegations in
21 paragraph 198.

22 199. Paragraph 199 is a legal argument that requires no response. To the extent that
23 paragraph 199 contains factual allegations or otherwise requires a response, Defendants deny the
24 allegations.

25 200. Defendants admit that paragraph 200 partially quotes the California Corporations
26 Code. Defendants refer the Court to the full text of the quoted statute for a complete and
27 accurate depiction of its contents and the context of the partial quotation found in paragraph 200.

28 201. Paragraph 201 is a legal argument that requires no response. To the extent that

1 paragraph 201 contains factual allegations or otherwise requires a response, Defendants deny the
2 allegations.

3 202. This claim, arising out of the allegations set out in paragraphs 41-42, 47-48, 51,
4 53, 56-57, 64-75 of the Complaint, was dismissed from the Complaint by the Court's order dated
5 October 2, 2020, and therefore no response is required. Paragraph 202 is otherwise a legal
6 argument that requires no response. To the extent that paragraph 202 contains factual allegations
7 or otherwise requires a response, Defendants deny the allegations.

8 203. Paragraph 203 is a legal argument that requires no response. To the extent that
9 paragraph 203 contains factual allegations or otherwise requires a response, Defendants deny the
10 allegations.

11 204. Paragraph 204 is a legal argument that requires no response. To the extent that
12 paragraph 204 contains factual allegations or otherwise requires a response, Defendants deny the
13 allegations.

14 205. Paragraph 205 is a legal argument that requires no response. To the extent that
15 paragraph 205 contains factual allegations or otherwise requires a response, Defendants deny the
16 allegations.

17 206. Paragraph 206 is a legal argument that requires no response. To the extent that
18 paragraph 206 contains factual allegations or otherwise requires a response, Defendants deny the
19 allegations.

20 207. Paragraph 207 incorporates by reference Paragraphs 1 through 207 of the
21 Complaint. Defendants likewise incorporate by reference their responses to Paragraphs 1
22 through 207.

23 208. Paragraph 208 is a legal characterization of the Complaint and contains no factual
24 allegations that Defendants are required to admit or deny. To the extent that paragraph 208
25 contains factual allegations or otherwise requires a response, Defendants deny the allegations in
26 paragraph 208.

27 209. Paragraph 209 is a legal argument that requires no response. To the extent that
28 paragraph 209 contains factual allegations or otherwise requires a response, Defendants deny the

1 allegations.

2 210. Paragraph 210 is a legal argument that requires no response. To the extent that
3 paragraph 210 contains factual allegations or otherwise requires a response, Defendants deny the
4 allegations.

5 211. Paragraph 211 is a legal argument that requires no response. To the extent that
6 paragraph 211 contains factual allegations or otherwise requires a response, Defendants deny the
7 allegations.

8 212. Paragraph 212 is a legal argument that requires no response. To the extent that
9 paragraph 212 contains factual allegations or otherwise requires a response, Defendants deny the
10 allegations.

11 213. Paragraph 213 is a legal argument that requires no response. To the extent that
12 paragraph 213 contains factual allegations or otherwise requires a response, Defendants deny the
13 allegations.

14 214 – 230. Paragraphs 214–30 were dismissed from the complaint by the Court’s
15 order dated October 2, 2020, and therefore no response is required to these paragraphs.

16 231 – 235. Plaintiff’s prayer for relief and judgment (including paragraphs 231–35)
17 does not require a response, but insofar as an answer is deemed necessary, Defendants deny that
18 Plaintiff is entitled to the requested relief and judgment or to any relief whatsoever.

19 **Affirmative Defenses**

20 As separate and distinct defenses to the Complaint, and to each purported cause of action
21 therein, without assuming any burden of proof that they would otherwise not bear, Defendants
22 raise the following defenses, including affirmative defenses. Defendants reserve the right to
23 assert any additional and further defenses, including affirmative defenses, as may be revealed by
24 discovery or otherwise.

25 **First Affirmative Defense: Failure To State A Claim**

26 The Complaint, and each purported cause of action alleged therein against Defendants,
27 fails to state a claim upon which relief may be granted.
28

1 **Second Affirmative Defense: Failure To Plead With Particularity**

2 Plaintiff's and members of the putative class' claims are barred, in whole or in part, because
3 the Complaint fails to plead fraud with particularity as required by Federal Rule of Civil Procedure
4 9(b).

5 **Third Affirmative Defense: XRP Is Not A Security**

6 The transactions alleged in the Complaint did not involve the sale of an investment contract
7 and therefore were not securities transactions. Defendants were not issuers, brokers, or sellers of
8 any security allegedly purchased by Plaintiff or members of the putative class. Plaintiff, who
9 repeatedly traded in and out of cryptocurrencies in a short period of time, and members of the
10 putative class, did not make an investment of money in a common enterprise with a reasonable
11 expectation of profits based on the efforts of Defendants.

12 **Fourth Affirmative Defense: Exemption to Registration**

13 If Plaintiff establishes that XRP is a security, Plaintiff's claims and the claims of the
14 putative class, will be barred, in whole or in part, because the alleged transactions are exempt from
15 the registration requirements of the Securities Act and/or the regulations promulgated thereunder.

16 **Fifth Affirmative Defense: Statute of Limitations**

17 Plaintiff's and members of the putative class' claims are barred in whole or in part by an
18 applicable statute of limitations.

19 **Sixth Affirmative Defense: Statute of Repose**

20 Plaintiff's and members of the putative class' claims are barred in whole or in part by an
21 applicable statute of repose.

22 **Seventh Affirmative Defense: No Primary Liability**

23 Plaintiff's and members of the putative class' claims are barred in whole or in part because
24 Plaintiff cannot establish the primary liability necessary to assert control person liability.

25 **Eighth Affirmative Defense: Inadequate Class Allegations**

26 Plaintiff's and members of the putative class' claims are not properly maintainable as a
27 class action.
28

1 **Ninth Affirmative Defense: No Standing (Indirect Purchasers)**

2 Defendants are not liable to Plaintiff and members of the putative class to the extent
3 Plaintiff and members of the putative class did not purchase XRP directly from Defendants.

4 **Tenth Affirmative Defense: No Standing (No Case or Controversy)**

5 Plaintiff and members of the putative class lack standing to bring a claim against
6 Defendants to the extent they sold their XRP for gain or equal value and therefore suffered no
7 injury.

8 **Eleventh Affirmative Defense: No Falsity**

9 The alleged misrepresentations and omissions were not false, misleading, or material
10 when taken together with, and in context of, the total mix of information available to the market.

11 **Twelfth Affirmative Defense: International Purchases Excluded**

12 Defendants are not liable to Plaintiff and members of the putative class who were located
13 overseas when they purchased XRP and/or purchased XRP on foreign exchanges.

14 **Thirteenth Affirmative Defense: Nonresidents of California Excluded**

15 Defendants are not liable for violations of California law to purchasers outside of
16 California.

17 **Fourteenth Affirmative Defense: No Damages**

18 The claims asserted in the Complaint are barred because Plaintiff and the putative class
19 have sustained no legally cognizable damage by virtue of any action or omission alleged in the
20 Complaint.

21 **Fifteenth Affirmative Defense: Limited Damages**

22 Some or all of Plaintiff and members of the purported class cannot claim damages because
23 they sold their XRP at prices higher than or equal to the prices at which they purchased or acquired
24 that XRP. In the event Plaintiff recovers damages, such damages shall be limited only to those
25 losses caused by the alleged wrongdoing as opposed to other factors and/or market conditions.

26 **Sixteenth Affirmative Defense: Lack of Control**

27 Plaintiff's claims, and the claims of the putative class, are barred, in whole or in part,
28 because Defendants did not directly or indirectly induce any act or acts alleged in the Complaint

1 to constitute a violation of any federal securities law or regulation.

2 **Seventeenth Affirmative Defense: No Duty To Disclose**

3 Plaintiff's claims are barred, in whole or in part, on the grounds that Defendants had no
4 duty to disclose information allegedly omitted in their public statements, that Defendants had no
5 duty to update information that was truthful and accurate when made, and that Defendants had no
6 duty to correct information that they reasonably believed was truthful and accurate when made.

7 **Eighteenth Affirmative Defense: Bespeaks Caution**

8 The alleged false or misleading statements were forward-looking statements accompanied
9 by appropriate risk disclosures protected by the bespeaks caution doctrine.

10 **Nineteenth Affirmative Defense: Disclosed Risk**

11 Defendants are not liable to Plaintiff because any alleged misstatements contained
12 sufficient cautionary language and risk disclosure.

13 **Twentieth Affirmative Defense: Janus**

14 Each Defendant cannot be held liable for statements he did not make.

15 **Twenty-First Affirmative Defense: No Loss Causation**

16 The alleged misrepresentations and/or omissions at issue were not a producing cause of the
17 alleged harm, if any, to Plaintiff.

18 **Twenty-Second Affirmative Defense: No Transaction Causation**

19 The alleged actions or inactions of Defendants were not the sole or partial cause of any
20 decision by any Plaintiff to purchase XRP, nor were any of Plaintiff's purchases made or induced
21 by means of any misrepresentation or omission made by Defendants.

22 **Twenty-Third Affirmative Defense: Public Information**

23 Plaintiff's claims are barred on the grounds that matters alleged to be the subject of
24 misrepresentations and/or omissions were publicly disclosed and/or were in the public domain,
25 and as such, were available to Plaintiff and the putative class.

26 **Twenty-Fourth Affirmative Defense: Equitable Doctrines**

27 Plaintiff's and members of the putative class' claims against Defendants are barred in
28 whole or in part by laches, equitable estoppel, acquiescence, waiver, unclean hands, *in pari delicto*,

1 or other related equitable doctrines.

2 **Reservation Of Defenses**

3 Additional facts may be revealed by future discovery that support additional affirmative
4 defenses presently available to, but unknown to, Defendants. Therefore, Defendants reserve the
5 right to assert additional defenses in the event that discovery and investigation indicate that
6 additional defenses would be appropriate.

7
8 DATED: October 16, 2020

KING & SPALDING LLP

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10
11 By: /s/ Damien J. Marshall
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